

WEEKLY FOREIGN EXCHANGE OUTLOOK

02 Mar 2020 - 06 Mar 2020

 **Dollar Index**

Dollar Index Graph



Source: Thomson Reuters

Dollar News

- The second released of the US economic growth in Q4 grew at 2.1% as the expectations which was supported by a smaller import bill.
- US services PMI dropped to 49.4 in February which was the lowest level since October 2013 while US manufacturing PMI decreased to 50.8 in February, the lowest level since August 2019 due to the coronavirus outbreak.
- The Fed Chair Jerome Powell said that there is a chance that the Fed could cut interest rate in their March monetary policy meeting even the US fundamentals economy remain strong.
- The US new home sales hit the record high in January which indicated that the US housing market was strong and it could help any hit on the economy from the coronavirus.

Dollar Index Performance

Last Week Close	99.26	Monthly High	99.91
Week Open	99.34	Monthly Low	97.35
Week Close	97.96	30 Days Average	98.50
Weekly High	99.91	90 Days Average	97.89
Weekly Low	97.96	YTD Change	+1.49%

Dollar Outlook

- There might be capital outflows from the US dollar index due to the possibility of rate cut which is expected to cut in the next meeting on 17-18 March 2020 as the economic slowdown from the spreading of the coronavirus.
- US non-farm payrolls is in focus this week which is expected to hire 175k workers, below the expectations.

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
ISM Manufacturing PMI	Feb	2-Mar	50.4	50.9
Markit Mfg PMI Final	Feb	2-Mar		50.8
ISM Manufacturing PMI	Feb	2-Mar	50.4	50.9
Markit Comp Final PMI	Feb	4-Mar		49.6
Markit Svcs PMI Final	Feb	4-Mar		49.4
ISM N-Mfg PMI	Feb	4-Mar	54.9	55.5
Initial Jobless Claims	29 Feb, w/	5-Mar	215k	219k
Factory Orders MM	Jan	5-Mar	-0.2%	1.8%
Non-Farm Payrolls	Feb	6-Mar	175k	225k
Unemployment Rate	Feb	6-Mar	3.6%	3.6%

Lower Bound	97.82	Upper Bound	99.92
Forecast	Neutral		

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Thai Baht
Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- The Bank of Thailand is expected to cut its interest rate at some point this year due to the downside risk of the coronavirus.
- The Thai baht tends to appreciate against the US dollar due to the drop of the greenback.

Forecast	30.80	Upper Bound	31.84
	Depreciation		

Thai Baht News

- Thailand's exports in January showed surprise by adding 3.4% yoy which was driven by surging gold shipments. Excluding gold, export dropped by 1.5%.
- Thailand's import in January fell 7.86% yoy after adding 2.54% a month earlier.
- January's trade deficit in January amounted to USD 1.56 billion which is better than a forecast of a USD 0.65 billion deficit.
- Thailand's manufacturing production index dropped by 4.59% which is a nine-month consecutively drop due to the lower production of cars, sugar and palm oil.

Thai Baht Performance

Last Week Close	31.62 THB/USD	Monthly High	31.58 THB/USD
Week Open	31.67 THB/USD	Monthly Low	31.30 THB/USD
Week Close	31.55 THB/USD	30 Days Average	31.11 THB/USD
Weekly High	31.93 THB/USD	90 Days Average	30.52 THB/USD
Weekly Low	31.52 THB/USD	YTD Change	+4.88%

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Manufacturing PMI SA	Feb	2-Mar		49.9
CPI Headline Inflation	Feb	5-Mar		1.05%
CPI Core Inflation YY	Feb	5-Mar		0.47%
Consumer Confidence Idx	Feb	5-Mar		67.3
Forex Reserves	24 Feb, w/	6-Mar		228.6B
Currency Swaps	24 Feb, w/	6-Mar		32.5B

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Euro

Euro Graph

Euro News



Source: Thomson Reuters

• Even the Eurozone were concerned about of the spreading coronavirus, the Eurozone composite PMI rose to 51.6 in Feb which was better than the expectations. While the manufacturing PMI was reported to be highest in a year at 49.1.

Euro Index Performance

Last Week Close	1.0843 USD/EUR	Monthly High	1.1093 USD/EUR
Week Open	1.0839 USD/EUR	Monthly Low	1.1003 USD/EUR
Week Close	1.1025 USD/EUR	30 Days Average	1.0958 USD/EUR
Weekly High	1.1053 USD/EUR	90 Days Average	1.1049 USD/EUR
Weekly Low	1.0803 USD/EUR	YTD Change	-1.19%

Euro Outlook

• It is likely that the ECB could keep its interest rate unchanged even the coronavirus harm the Eurozone economy confounding market bets on a rate cut but they will keep their eyes on its situation.

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Markit Mfg Final PMI	Feb	2-Mar	49.1	49.1
HICP Flash YY	Feb	3-Mar	1.2%	1.4%
HICP-X F&E Flash YY	Feb	3-Mar	1.3%	1.3%
Unemployment Rate	Jan	3-Mar	7.4%	7.4%
Markit Serv Final PMI	Feb	4-Mar	52.8	52.8
Markit Comp Final PMI	Feb	4-Mar	51.6	51.6
CPI Prelim YY	Feb	28-Feb	1.7%	1.7%

Lower Bound	1.0735	Upper Bound	1.1071
Forecast	Neutral		

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 **Pound Sterling**

Pound Sterling Graph



Source: Thomson Reuters

Pound Sterling Outlook

- Even the US dollar index drop, it is possible that the pound could move in the opposite way with its peer as the impact of the EU-UK trade is much more concerned.

Lower Bound	1.2815	Upper Bound	1.3076
Forecast	Neutral		

Pound Sterling News

- The pound sterling dropped against the greenback as worries about the spreading coronavirus which led to the capital inflows to the safe-haven asset such as the yen, gold and government bond.
- the pound was pressured by the EU-UK trade concerns.

Pound Sterling Performance

Last Week Close	1.2969 USD/GBP	Monthly High	1.2850 USD/GBP
Week Open	1.2958 USD/GBP	Monthly Low	1.2757 USD/GBP
Week Close	1.2820 USD/GBP	30 Days Average	1.2988 USD/GBP
Weekly High	1.3017 USD/GBP	90 Days Average	1.3002 USD/GBP
Weekly Low	1.2724 USD/GBP	YTD Change	-3.74%

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
BOE Consumer Credit	Jan	2-Mar	1.100B	1.218B
Markit/CIPS Mfg PMI Final	Feb	2-Mar	51.8	51.9
Markit/CIPS Cons PMI	Feb	3-Mar	48.4	48.4
Markit/CIPS Serv PMI Final	Feb	4-Mar	53.3	53.3
Halifax House Prices MM	Feb	6-Mar	0.3%	0.4%

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 **Australian Dollar**

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar News

- The Goldman Sachs revised down the Australia's 2020 GDP to 2.1% from 2.4 % which is forecasted earlier.
- The construction work dropped by 3% in the final quarter of 2019 which is lower than the expectations to decrease just only 1%.

Australian Dollar Performance

Last Week Close	0.6627 USD/AUD	Monthly High	0.6568 USD/AUD
Week Open	0.6628 USD/AUD	Monthly Low	0.6458 USD/AUD
Week Close	0.6509 USD/AUD	30 Days Average	0.6887 USD/AUD
Weekly High	0.6628 USD/AUD	90 Days Average	0.6838 USD/AUD
Weekly Low	0.6432 USD/AUD	YTD Change	-6.74%

Australian Dollar Outlook

- The market eyes on the Reserve Bank of Australia's monetary policy meeting on 3 March 2020.
- The aussie tends to depreciate against the US dollar index as the China's coronavirus outbreak.

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Building Approvals	Jan	3-Mar	1.0%	-0.2%
Current Account Balance SA	Q4	3-Mar	2.3B	7.9B
Net Exports Contribution	Q4	3-Mar	0.2%	0.2%
RBA Cash Rate	Mar	3-Mar	0.75%	0.75%
Real GDP QQ SA	Q4	4-Mar	0.4%	0.4%
Real GDP YY SA	Q4	4-Mar	2.0%	1.7%
Trade Balance G&S (A\$)	Jan	5-Mar	4,800M	5,223M
Retail Sales MM	Jan	6-Mar	0.0%	-0.5%

Lower Bound	0.6508	Upper Bound	0.6804
Forecast	Appreciation		

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Japanese Yen

Japanese Yen Graph



Source: Thomson Reuters

Japanese Yen News

- The Japanese yen appreciated for the whole week as it is a safe-haven asset and there are capital inflows to the yen due to the concern over the fast-spreading coronavirus.

Japanese Yen Performance

Last Week Close	111.57 JPY/USD	Monthly High	108.57 JPY/USD
Week Open	111.59 JPY/USD	Monthly Low	107.00 JPY/USD
Week Close	108.07 JPY/USD	30 Days Average	108.49 JPY/USD
Weekly High	111.68 JPY/USD	90 Days Average	107.59 JPY/USD
Weekly Low	107.49 JPY/USD	YTD Change	-0.96%

Japanese Yen Outlook

- The Japanese yen is likely to appreciate against the US dollar as there is a demand for the safe-haven asset.
- The market eyes on the release of GDP which is schedule on 9 March 2020.

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Jibun Bank Mfg PMI	Feb	2-Mar		47.6
Services PMI	Feb	4-Mar		51.0
Current Account NSA JPY	Jan	9-Mar		524.0B
GDP Rev QQ Annualised	Q4	9-Mar		-6.3%
GDP Revised QQ	Q4	9-Mar		-1.6%
GDP Cap Ex Rev QQ	Q4	9-Mar		-3.7%

Lower Bound	108.16	Upper Bound	111.85
Forecast	Appreciation		

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